



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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STEPHEN R. MAGUIN
Chief Engineer and General Manager

November 24, 2009

File: 31-150.13.10

Boards of Directors
County Sanitation Districts Nos. 27
and 35 of Los Angeles County

Directors:

The consolidated agenda includes the following items for the regular meetings of the Boards of Directors of the Districts meeting Tuesday, December 8, 2009.

1. Certificate of Presiding Officer/Chairperson Pro Tem. The new Chair and Chair Pro Tem of the Board of Supervisors automatically become the Chairperson and Chairperson Pro Tem of the Boards of Directors of these Sanitation Districts.

2. Minutes. Copies of the minutes have been provided to each of the Directors.

3. Departmental Invoices. A departmental invoice is an internal document that transfers each District's proportionate share of expenditures made by District No. 2, the administrative District, on behalf of the participating Districts in accordance with authority granted through joint agreements. During the month, charges are made to a clearing account which is administered by District No. 2 and then are distributed at month end according to said agreements.

4. Investment Policy and Delegation of Authority to the District Treasurer. The Districts investment policies require that each District annually review and approve its investment policy, which action also delegates authority to the District Treasurer (Chief Engineer and General Manager) to invest and reinvest District funds or to sell or exchange securities. A copy of the District investment policy is attached and no changes are being recommended. The matter has been discussed with the Personnel Committee, comprised of the Chairperson of each District Board, which concurred with the recommendation.

Very truly yours,

Stephen R. Maguin

SRM:rza

Enclosures

cc: Dan Hyde
Alisa Katz
Susan Nissman
Paul Novak
Norm Hickling

Executive Office (8 copies, one for PRESS with minutes of 11/03/2009 meetings attached)

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICTS
NOS. 27 AND 35

To be held in the HEARING ROOM
OF THE BOARD OF SUPERVISORS
Kenneth Hahn Hall of Administration, Los Angeles, California

TUESDAY	December 8, 2009	At 9:30 A.M.
ANTONOVICH	KNABE	MOLINA (Chairperson)
		RIDLEY-THOMAS
		YAROSLAVSKY

1. Recommendation: Receive and order filed certificate of the Presiding Officer of the Board of Supervisors and the action electing the Chairperson Pro Tem (both Districts).
2. Recommendation: Approve minutes of the special meetings held November 3, 2009 (both Districts).
3. Recommendation: Approve departmental invoices as follows:

	<u>September 2009</u>	<u>October 2009</u>
District No. 27 (3)	\$5,680.50	\$4,165.49
District No. 35 (5)	226.36	200.51
4. Recommendation: Approve the Investment Policy and renew delegation of authority to the District Treasurer (both Districts).

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 09/30/09

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: September 30, 2009

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: October 19, 2009

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 4,072.88
Joint Administration - Capital	2.50
Local - Capital	1,605.12

Total of all charges	<u>\$ 5,680.50</u>
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Recap 12

Document No. 96

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 09/30/09

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: September 30, 2009

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: October 19, 2009

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 223.71
Joint Administration - Capital	2.65

Total of all charges	<u>\$ 226.36</u>
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Recap 12

Document No. 102

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 10/31/09

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: October 31, 2009

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: November 19, 2009

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 4,022.98
Local - Capital	155.22

CREDIT:

Joint Administration - Capital	(12.71)
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Total of all charges	<u>\$ 4,165.49</u>
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Recap 16

Document No. 135

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 10/31/09

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: October 31, 2009

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: November 19, 2009

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$ 213.44
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CREDIT:

Joint Administration - Capital	(12.93)
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Total of all charges	<u>\$ 200.51</u>
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Recap 16

Document No. 141

Date Board Approved: _____

County Sanitation District No. ____*

of

Los Angeles County

***Same Policy for Districts Nos. 17, 27, and 35**

Investment Policy

(POLICY "B")

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County Sanitation District No. ____ of Los Angeles County

Policy Statement:

This investment policy of County Sanitation District No. ____ of Los Angeles County (District) provides for the prudent investment of the District's funds and the efficient management of investment activities. It is intended that this policy cover all investment activities under the direct control of the District.

Prudent Investor Standard:

This policy shall be implemented in accordance with the standard for governing bodies or persons authorized to make investment decisions on behalf of public bodies. This standard is set forth in Section 53600.3 of the Government Code which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

Authority:

By prior action of the District's Board of Directors the Chief Engineer and General Manager is the Fiscal Officer of the District and by this action is formally appointed Treasurer of the District. The District's Board of Directors hereby delegates to the Treasurer the authority to manage, deposit and invest District funds in accordance with this policy and all provisions of law. The District Treasurer shall develop procedures to fully implement this policy in accordance with this delegation of authority, and shall report to this Board in accordance with the requirements of law and this investment policy.

Investment Objectives:

This policy shall also be implemented in accordance with the legislative direction concerning objectives of a trustee. This standard is set forth in Section 53600.5 of the Government Code, which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

Safety of Principal: In safeguarding the principal of District funds the District Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss.

Liquidity: In order to meet the District's liquidity needs, investments shall be made so that maturity dates are compatible with cash flow requirements, and when required, permit easy and rapid conversion into cash.

Return on Investments: Investments shall be undertaken to produce a market rate of return after first considering safety of principal and liquidity.

Investment Placement:

The District Treasurer will continue to invest District funds with the County of Los Angeles, both in the Pooled Surplus Investment Fund and in specific investments purchased through the Los Angeles County Treasurer, and also with the State of California Local Agency Investment Fund. The District Treasurer shall continuously evaluate the District's cash flow requirements and when it is determined that funds are available for longer term investments, the District Treasurer shall, after conferring with the Los Angeles County Treasurer, purchase specific investments through the Los Angeles County Treasurer consistent with the financial needs of the District.

Investment Safekeeping:

With respect to specific investments, to ensure a high degree of internal safety all certificates or other evidence of securities or other investments purchased for the District shall be held for safekeeping by the Los Angeles County Treasurer, in a manner that reflects the District's ownership.

Maximum Maturities:

The District Treasurer shall match investments with anticipated cash flow requirements. The District Treasurer will not invest in securities maturing more than five (5) years from the date of purchase unless approved by the District's Board of Directors, either specifically or as a part of an investment program, at least (3) months prior to purchase.

Reporting Requirements:

In accordance with Government Code Section 53646, the District Treasurer shall prepare and submit a quarterly report to the Board of Directors. The quarterly report shall comply with applicable law and shall in any event include the security type, issuer, investment yield, date of maturity, par value, amount invested, current market value and source of this valuation. Any investments in state or local county pools will be included with a summary of its most recent investment statement.

Internal Control:

In addition to the certified public accountant's yearly independent audit of the District, quarterly audits of the investment portfolio shall be conducted by the District's Chief Accountant to ensure compliance with the investment policy and procedures provided for hereby.

Investment Policy Adoption:

This policy shall be reviewed on an annual basis and any modifications made thereto shall be approved by the District's Board of Directors. Prior to such review, the matter will be referred to the Personnel Committee (comprised of the Chairperson of each Board) for its consideration.

Adopted this _____ day of _____ .